

MEMO# 1979

June 18, 1990

SEC ISSUES CONCEPT RELEASE ON REFORM OF REGULATION OF INVESTMENT COMPANIES

June 18, 1990 TO: BOARD OF GOVERNORS NO. 43-90 SEC RULES MEMBERS NO. 43-90
MEMBERS - ONE PER COMPLEX NO. 23-90 CLOSED-END FUND MEMBERS - ONE PER
COMPLEX UNIT INVESTMENT TRUST MEMBERS - ONE PER COMPLEX RE: SEC ISSUES
CONCEPT RELEASE ON REFORM OF REGULATION OF INVESTMENT COMPANIES

As you know, the Institute has initiated its 1990s project to consider, among other things, proposing legislative and/or regulatory changes to modernize the structure and regulation of pooled investment vehicles. Recently, the SEC began its own study of investment company regulation. Through a related concept release issued on June 15, 1990 (a copy of which is attached), the SEC is soliciting comments on reform of the regulation of investment companies under the Investment Company Act of 1940, the Investment Advisers Act of 1940, the Securities Act of 1933 and the Securities Exchange Act of 1934. The release raises a number of specific topics and questions and invites comments on these and any other issues that commenters believe relevant. The specific broad topics addressed in the SEC's release include internationalization of the securities markets, alternative pooled vehicles (such as the unitary investment fund), asset-backed arrangements, distribution of open-end investment company shares, closed-end funds and repurchases of shares, transactions in options and futures contracts, Securities Act issues (including Rule 482 ads, unit investment trust secondary market sales and prospectus delivery requirements for open-end funds), regulation of insurance products and bank involvement with investment companies. The release also raises questions about possible exemptions from certain 1940 Act provisions for institutional funds, regulation of series companies, treatment of fund complexes, affiliated transactions and the size of investment companies. As a part of its ongoing project described above, the Institute is preparing a regulatory report on the 1990s. It is anticipated that this report will form the basis of the Institute's comments to the SEC. The comment period expires on September 4, 1990. Please send us any comments you may have by August 1, 1990. Frances M. Stadler Assistant General Counsel Attachment